

A. SYSTEM DESCRIPTION

1. Enter the full name and acronym for the system, project, application and/or database. Statistics of Income Distributed Processing System , SOI-DPS

2. Is this a new system? No

2a. If **no**, is there a PIA for this system? Yes

If **yes**, enter the full name, acronym, PIA ID Number and milestone of the most recent PIA. SOI-DPS PCLIA 749

Next, enter the **date** of the most recent PIA. 3/12/2014

Indicate which of the following changes occurred to require this update (check all that apply).

<u>No</u>	Addition of PII
<u>No</u>	Conversions
<u>No</u>	Anonymous to Non-Anonymous
<u>No</u>	Significant System Management Changes
<u>No</u>	Significant Merging with Another System
<u>No</u>	New Access by IRS employees or Members of the Public
<u>No</u>	Addition of Commercial Data / Sources
<u>No</u>	New Interagency Use
<u>No</u>	Internal Flow or Collection

Were there other system changes not listed above? No

If yes, explain what changes were made.

3. Check the current ELC (Enterprise Life Cycle) Milestones (select all that apply)

<u>No</u>	Vision & Strategy/Milestone 0
<u>No</u>	Project Initiation/Milestone 1
<u>No</u>	Domain Architecture/Milestone 2
<u>No</u>	Preliminary Design/Milestone 3
<u>No</u>	Detailed Design/Milestone 4A
<u>No</u>	System Development/Milestone 4B
<u>No</u>	System Deployment/Milestone 5
<u>Yes</u>	Operations & Maintenance (i.e., system is currently operational)

4. Is this a Federal Information Security Management Act (FISMA) reportable system? Yes

A.1 General Business Purpose

5. What is the general business purpose of this system? Provide a clear, concise description of the system, application or database, the reason for the system, and the benefits to the IRS to use the information, and how the information will be used.

The Statistics of Income Distributed Processing System (SOI DPS) includes databases, applications, and scanning required to support the Service's requirement to report to Congress annually on the numbers and types of returns filed, the characteristics of those returns, and the money amounts reported on those returns. The sample data is used by the Presidential Budget Committee, the Congressional Budget Committee, the Office of Tax Analysis (OTA), the Joint Committee (JC) on Taxation and the President's State of the Union Address. SOI-DPS also uses the Individual Master File Sole Proprietorship Extract (IMF SOL PROP) and the Individual Master File Statistics of Income Extracts (IMF SOI).

B. PII DETAIL

6. Does the system use, collect, receive, display, store, maintain, or disseminate IR Code 6103 taxpayer information; or any type of Sensitive but Unclassified (SBU) or Personally Identifiable Information (PII)? Yes

6a. If **yes**, does the system use, collect, receive, display, store, maintain, or disseminate Social Security Numbers (SSN s) or tax identification numbers (i.e. last 4 digits, etc.)? Yes

If **yes**, check who the SSN (or tax identification number) is collected on.

Yes On Primary Yes On Spouse Yes On Dependent

If **yes**, check all types SSN s (or tax identification numbers) that apply to this system:

Yes	Social Security Number (SSN)
Yes	Employer Identification Number (EIN)
Yes	Individual Taxpayer Identification Number (ITIN)
No	Taxpayer Identification Number for Pending U.S. Adoptions (ATIN)
Yes	Practitioner Tax Identification Number (PTIN)

Describe the planned mitigation strategy and forecasted implementation date to mitigate or eliminate the use of SSN s (or tax identification numbers).

The Office of Management and Budget memorandum M-07-16 requires that federal agencies develop a mitigation or elimination strategy for systems that use SSNs. An exception to that requirement is when the SSN is uniquely needed to identify a user's record. The SOI-DPS system requires the use of SSN's because no other identifier can be used to uniquely identify a taxpayer. SSNs are permissible from Internal Revenue Code (IRC) 6109, which requires individual taxpayers to include their SSNs on their income tax returns.

6b. Does this system contain other (non-SSN) PII that it uses, collects, receives, displays, stores, maintains, or disseminates? (i.e. Names, addresses, etc.) Yes

If **yes**, specify the information.

Selected	PII Element	On Primary	On Spouse	On Dependent
Yes	Name	Yes	Yes	Yes
Yes	Mailing address	No	No	No
Yes	Phone Numbers	No	No	No
No	E-mail Address	No	No	No
Yes	Date of Birth	Yes	Yes	Yes
No	Place of Birth	No	No	No
No	SEID	No	No	No

No	Mother's Maiden Name	No	No	No
No	Protection Personal Identification Numbers (IP PIN)	No	No	No
No	Internet Protocol Address (IP Address)	No	No	No
No	Criminal History	No	No	No
No	Medical Information	No	No	No
No	Certificate or License Numbers	No	No	No
No	Vehicle Identifiers	No	No	No
No	Passport Number	No	No	No
No	Alien (A-) Number	No	No	No
No	Financial Account Numbers	No	No	No
No	Photographic Identifiers	No	No	No
No	Biometric Identifiers	No	No	No
No	Employment (HR) Information	No	No	No
Yes	Tax Account Information	Yes	Yes	Yes

6c. Does this system contain SBU information that is not PII, it uses, collects, receives, displays, stores, maintains, or disseminates? No

6d. Are there other types of SBU/PII used in the system? Yes

If **yes**, describe the other types of SBU/PII that are applicable to this system. Other PII records available in the SOI-DPS system include Wages and Withholdings.

6e. Cite the authority for collecting SBU/PII (including SSN if relevant)

No	PII for federal tax administration is generally Internal Revenue Code Sections 6001, 6011, 6012e(a)
Yes	SSN for tax returns and return information is Internal Revenue Code Section 6109
No	SSN for personnel administration (IRS Employees) is 5 USC & Executive Order 9397
No	PII for personnel administration is 5 USC
No	PII about individuals for Bank Secrecy Act compliance 31 USC
No	Information by CI for certain money laundering cases may be 18 USC

6f. Has the authority been verified with the system owner? Yes

B.1 BUSINESS NEEDS AND ACCURACY

7. Explain the detailed business needs and uses for the SBU/PII, and how the SBU/PII is limited only to that which is relevant and necessary to meet the mission requirements of the system. If SSNs (or tax identification numbers) are used, explicitly explain why use of SSNs meets this criteria. Be specific.

SOI-DPS is designed to facilitate the collection, production, and publication of statistical data for use in the formulation and measurement of legislation relating to taxation as required under IRC 6108 and IRC 6103. This includes providing time series tax data and panel data. Therefore, PII is used to track tax returns over time or by households.

8. How is the SBU/PII verified for accuracy, timeliness, and completeness? Explain how steps are taken to ensure that all information maintained by the system that is used by IRS to make any adverse determination about an individual's rights, benefits, and/or privileges is maintained with such accuracy, relevance, timeliness, and completeness as is reasonably necessary to assure fairness to the individual in the determination

Accuracy. The "raw data" that is used by the SOI-DPS applications is the taxpayer data that is provided by the taxpayer on their tax return. SOI-DPS runs customized programs to select the data in accordance with the specifications provided by the customer for a given study. The Editor forms are pre-populated with this data. Therefore, the data is assumed to be accurate as it is provided by the taxpayer. Other fields are manually input by the Editor using the original tax return data. Format and syntax checks are in place for these fields. If the required fields are not completed correctly, the application prevents the user from moving to the next screen. SOI employees use various mathematical and validation methods to check selected data for accuracy. As part of this process, actual returns or images of scanned returns may be used to verify the accuracy of the data that is input. Timeliness. Data are based on current year filings. Most SOI studies are annual. SOI-DPS data retained in the system are static once the study files are completed. Completeness. Each screen has a defined set of required fields. If the user does not complete these required fields with accurate information, the user is prevented from continuing to the next screen. Additional data are extracted from the physical tax return or an image of a scanned return to prepare a complete record for SOI. After subjecting the data to various consistency and validity checks, records are input for further statistical processing on SOI's systems in National Office in order to produce data for transmittal to SOI's customers.

C. PRIVACY ACT AND SYSTEM OF RECORDS

9. Are 10 or more records containing SBU/PII maintained, stored, and/or transmitted by or through this system? Yes

9a. If **yes**, are records in the system retrieved by any personal identifier (e.g., name, SSN, Photograph, IP Address) for an individual? Yes

If **yes**, is there a System of Records Notice(s) or SORNs that addresses the PII records in this system? Yes

If **yes**, enter the SORN number(s) and the complete the name of the SORN.

<u>SORNS Number</u>	<u>SORNS Name</u>
34.037	IR Audit Trail and Security Records System
70.001	Individual Income Tax Returns, Statistics of Incom

If **yes**, does the System of Records Notice(s) (SORN) published in the Federal Register adequately describe the records as required by the Privacy Act? Yes

D. RESPONSIBLE PARTIES

10. Identify the individuals for the following system roles. ## Official Use Only

E. INCOMING PII INTERFACES

11. Does the system receive SBU/PII from other system or agencies? Yes

11a. If **yes**, does the system receive SBU/PII from IRS files and databases? Yes

If **yes**, enter the files and databases.

<u>System Name</u>	<u>Current PIA?</u>	<u>PIA Approval Date</u>	<u>SA & A?</u>	<u>Authorization Date</u>
Individual MasterFile	Yes	05/02/2014	Yes	05/02/2014
Business Masterfile	Yes	04/24/2015	Yes	06/02/2014
Modernized e-File	Yes	02/23/2015	Yes	11/09/2015

11b. Does the system receive SBU/PII from other federal agency or agencies? No

11c. Does the system receive SBU/PII from State or local agency (-ies)? No

11d. Does the system receive SBU/PII from other sources? No

11e. Does the system receive SBU/PII from **Taxpayer** forms? Yes

If **yes**, identify the forms

<u>Form Number</u>	<u>Form Name</u>
706	Estate Tax
709	Gift Tax
706NA	Nonresident Alien Estate Tax
990	Tax Exempt-Organizations
990PF	Tax Exempt-Organizations (Private Foundations)
990T	Tax Exempt-Organizations (Unrelated Business Income)
1065	U.S. Return of Partnership Income
5471	Information Return of U.S. Persons With Respect To Certain Foreign Corporations
1118	Foreign Tax Credit - Corporations
3520	Annual Return To Report Transactions With Foreign Trusts and Receipt of Certain Foreign Gifts
3520A	Annual Information Return of Foreign Trust With a U.S. Owner
5712	International Boycott Report
1120	U.S. Corporation Income Tax Return
8865	Return of U.S. Persons With Respect to Certain Foreign Partnerships
8832	Entity Classification Election
5472	Information Return of a 25% Foreign-Owned U.S. Corporation or a Foreign Corporation Engaged in a U.S
8038	Information Return for Tax-Exempt Private Activity Bond Issues
8038CP	Return for Credit Payments to Issuers of Qualified Bonds
8038B	Information Return for Build America Bonds and Recovery Zone Economic Development Bonds
8038G	Information Return for Tax-Exempt Governmental Obligations
8038TC	Information Return for Tax Credit Bonds and Specified Tax Credit Bonds
8038T	Arbitrage Rebate, Yield Reduction and Penalty in Lieu of Arbitrage Rebate
4720	Return of Certain Excise Taxes Under Chapters 41 and 42 of the Internal Revenue Code

11f. Does the system receive SBU/PII from **Employee** forms (such as the I-9)? No

F. PII SENT TO EXTERNAL ORGANIZATIONS

12. Does this system disseminate SBU/PII? Yes

12a. Does this system disseminate SBU/PII to other IRS Systems? No

12b . Does this system disseminate SBU/PII to other Federal agencies? Yes

If **yes** identify the full names of the federal agency(s) that receive SBU/PII from this system, and if there is an Inter-Agency Agreement (ISA) / Memorandum of Understanding (MOU)

<u>Organization Name</u>	<u>Transmission method</u>	<u>ISA/MOU</u>
Office of Tax Analysis	Electronic transfer (secure)	Yes
Joint Committee on Taxation	Electronic Transfer (secure)	Yes
Bureau of Census	Electronic Transfer (secure)	Yes
Bureau of Economic Analysis	encrypted data cd	Yes

Identify the authority and for what purpose? SOI-DPS is designed to facilitate the collection, production and publication of statistical data for use in the formulation and measurement of legislation relating to taxation as required under IRC 6108 and IRC 6103.

12c. Does this system disseminate SBU/PII to State and local agencies? No

12d. Does this system disseminate SBU/PII to IRS or Treasury contractors? No

12e. Does this system disseminate SBU/PII to other Sources? No

G. PRIVACY SENSITIVE TECHNOLOGY

13. Does this system use social media channels? No

14. Does this system use privacy-sensitive technologies such as mobile, cloud, global position system (GPS), biometrics, RFID, etc.? No

15. Does the system use cloud computing? No

16. Does this system/application interact with the public? No

H. INDIVIDUAL NOTICE AND CONSENT

17. Was/is notice provided to the individual prior to collection of information? Yes

17a. If **yes**, how is notice provided? Was the individual notified about the authority to collect the information, whether such is mandatory or voluntary, the purpose for which the information will be used, with whom the information may be shared, and the effects, if any, if they decide not to provide any of the requested information? Taxpayers are given notice when they fill out the initial tax return.

18. Do individuals have the opportunity to decline from providing information and/or from consenting to particular uses of the information? No

18b. If no, why not? SOI-DPS is designed to facilitate the collection, production and publication of statistical data for use in the formulation and measurement of legislation relating to taxation as required under IRC 6108 and IRC 6103. PII is not shared to the public and is used for statistical purposes only. Statistic of Income Division is a recognized Federal Statistical Agency and falls under the CISPEA Law.

19. How does the system or business process ensure due process regarding information access, correction and redress?
The data that is in SOI-DPS is used for research purposes only. No data is used for tax compliance. The due process is part of the systems that SOI-DPS receives data.

I. INFORMATION PROTECTION

20. Identify the owner and operator of the system (could be IRS owned and Operated; IRS owned, contractor operated; contractor owned and operated)

IRS Owned and Operated

21. The following people have access to the system with the specified rights:

IRS Employees? Yes

<u>IRS Employees?</u>	<u>Yes/No</u>	<u>Access Level(Read Only/Read Write/Administrator)</u>
Users	Yes	Read and Write
Managers	Yes	Read and Write
Sys. Administrators	Yes	Read and Write
Developers	Yes	Read And Write

Contractor Employees? Yes

<u>Contractor Employees?</u>	<u>Yes/No</u>	<u>Access Level</u>	<u>Background Invest. Level</u>
Contractor Users	Yes	Read-Only	Moderate
Contractor Managers	No		
Contractor Sys. Admin.	No		
Contractor Developers	No		

21a. How is access to SBU/PII determined and by whom? Access to the data is determined by the manager based on a user's position and need-to-know. The manager will request a user be added. They must fill out an Online 5081 (OL5081), Information System User Registration/Change Request, to request access to the application. A user's access to the data terminates when it is no longer required. Criteria, procedures, controls, and responsibilities regarding access are documented in the Information Systems Security Rules within OL5081.

21b. If computer matching occurs, can the business owner certify that it meets requirements of IRM 11.3.39 Disclosure of Official Information, Computer Matching & Privacy Protection Act?
 ? Not Applicable

I.1 RECORDS RETENTION SCHEDULE

22. Are these records covered under the General Records Schedule (GRS), or have a National Archives and Records Administration (NARA) archivist approved a Record Control Schedule (RCS) for the retention and destruction of official agency records stored in this system? Yes

22a. If **yes**, how long are the records required to be held under the corresponding RCS and how are they disposed of? In your response, please include the complete IRM number 1.15.XX and specific item number and title.

SOI DPS is non-recordkeeping. No records scheduling actions are required to affect data disposition. SOI DPS represents a network of databases, applications and scanning activities used to collect and assess returns data already scheduled within the context of originating electronic systems and/or approved as permanent under Job No. N1-58-92-2 SOI Study Files (item 6), and SOI Public Use Files (item 7), published under IRM 1.15.25 (soon to be transitioned for publication in IRS Document 12990 under Records Control Schedule (RCS) 25).

I.2 SA&A OR ECM-R

23. Has the system been through SA&A (Security Assessment and Authorization) or ECM-R (Enterprise Continuous Monitoring Reauthorization)? Yes

23a. If **yes**, what date was it completed? 1/5/2016

23.1 Describe in detail the system s audit trail. The System Administrators (SAs) /Database Administrators (DBAs) make periodic activity log file checks to ensure normal system functioning and to watch for warning messages that might indicate a problem. The activity log contains: • Logon and logoff of all users by USERID • Password change including USERID • Date and time of event • Success or failure of the event • All actions by System and Security Administrators • All actions by DBAs

J. PRIVACY TESTING

24. Does the system require a System Test Plan? No

24c. If **no**, please explain why. SOI-DPS follows IRS IT for all software and hardware standards.

K. SBU Data Use

25. Does this system use, or plan to use SBU Data in Testing? No

L. NUMBER AND CATEGORY OF PII RECORDS

26. Identify the number of individual records in the system for each category:

26a. IRS Employees: Not Applicable
26b. Contractors: Not Applicable
26c. Members of the Public: 100,000 to 1,000,000
26d. Other: No

M. CIVIL LIBERTIES

27. Does the system maintain any information describing how any individual exercises their rights guaranteed by the First Amendment? No

28. Is the system information used to conduct data-mining as defined in the *Implementing the 9/11 Commission Recommendations Act of 2007, Public Law 110-53, Section 804*? No

29. Will this system have the capability to identify, locate, and monitor individuals or groups of people? No

N. ACCOUNTING OF DISCLOSURES

30. Does the system include or require disclosure of tax or employee information to anyone other than IRS employees in the performance of their duties, or to the person to whom the information pertains or to a 3rd party pursuant to a Power of Attorney, tax or Privacy Act consent? No

End of Report
